

Cash Application Management Strategies



SURVEY SUMMARY

Between February and April 2021, Gatepoint Research invited selected Finance and Accounting executives to participate in a survey themed *Cash Application Management Strategies*.

Candidates were invited via email and 115 executives have participated to date.

Management levels represented are all senior decision makers: 10% hold the title CxO, 10% are VPs, 13% are directors, and 67% are managers.

Survey participants represent firms from a wide variety of industries including business services, consumer services, financial services, healthcare, manufacturing (general, primary and high tech), mining, public administration, retail trade, transportation, utilities, and wholesale trade.

- Responders work for firms with a wide range of revenue levels:
- 10% work in Fortune 1000 companies with revenues over \$1.5 billion;
- 23% work in large firms whose revenues are between \$500 million and \$1.5 billion;
- 41% work in mid-market firms with \$250 million to \$500 million in revenues;
- 26% work in small companies with less than \$250 million in revenues.

100% of responders participated voluntarily; none were engaged using telemarketing.



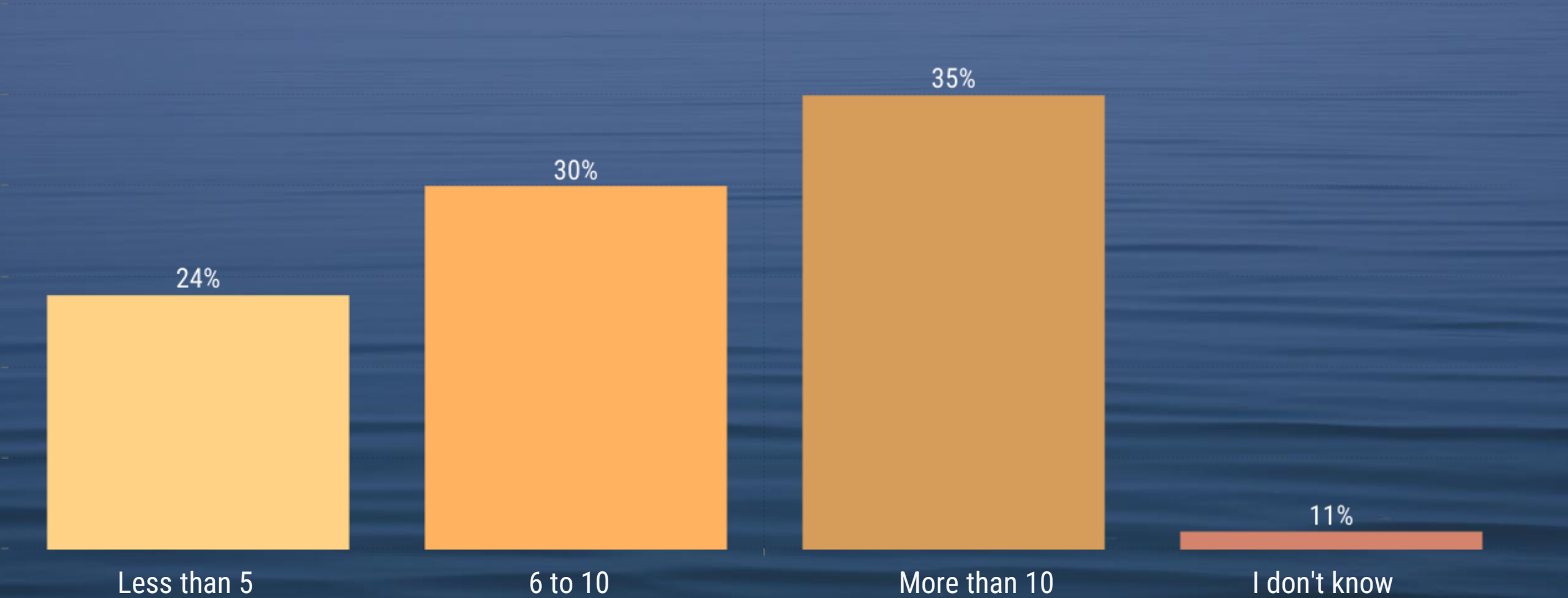
EXECUTIVE OVERVIEW

The cash application process can be slowed or interrupted by numerous common complications involving remittances, allocations, ledger errors, and issues caused by outsourcing work. How are organizations minimizing these challenges (and the costs and delays they generate) and streamlining their cash application management?

This survey asks respondents to report:

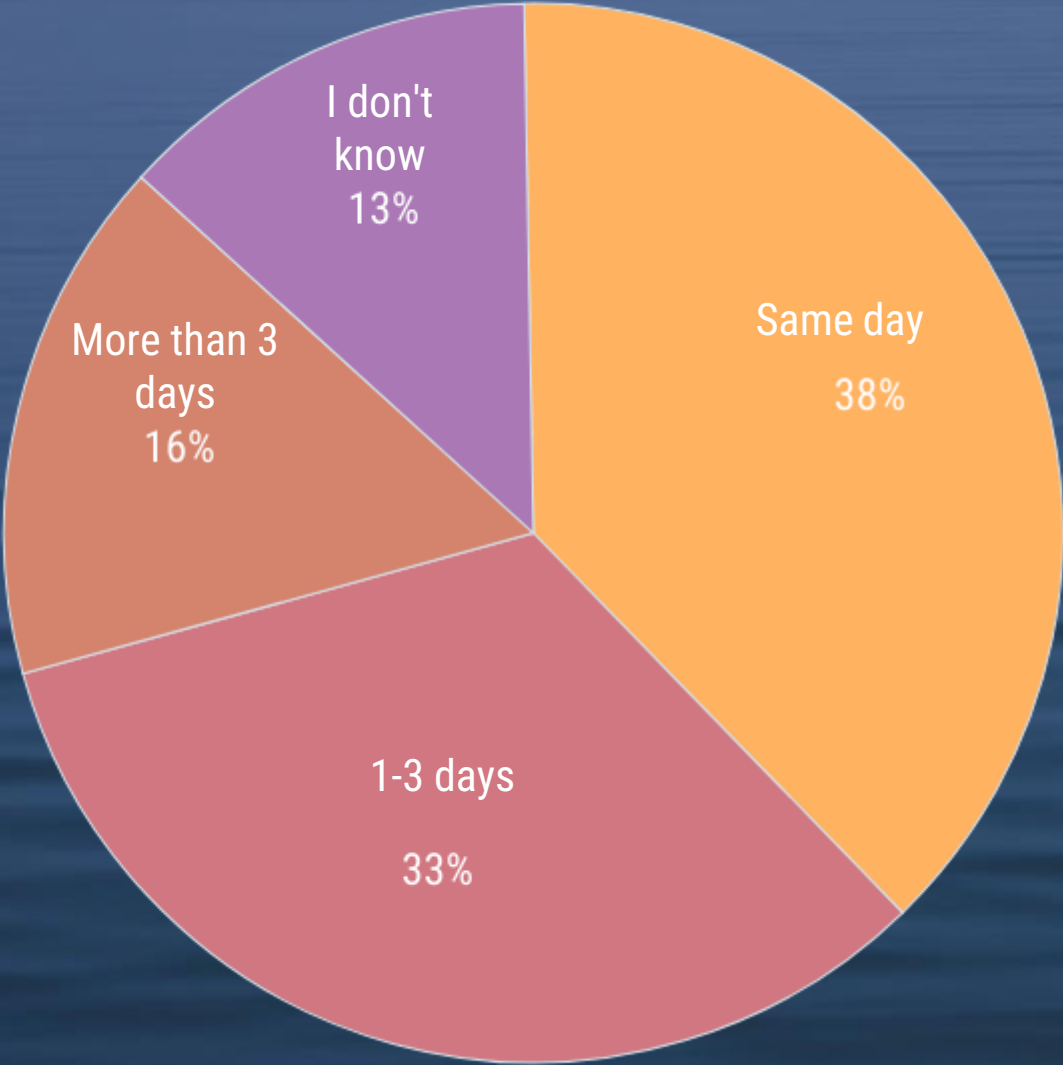
- What factors affect their process costs?
- What issues do they face with unapplied cash accounts? Remittances?
- Do they experience challenges with their lockbox process?
- Do they have concerns with any aspects of their cash application process?

How many people in your organization are involved with accounts receivables?



35% of respondents report more than 10 people in their organizations are involved with accounts receivables.

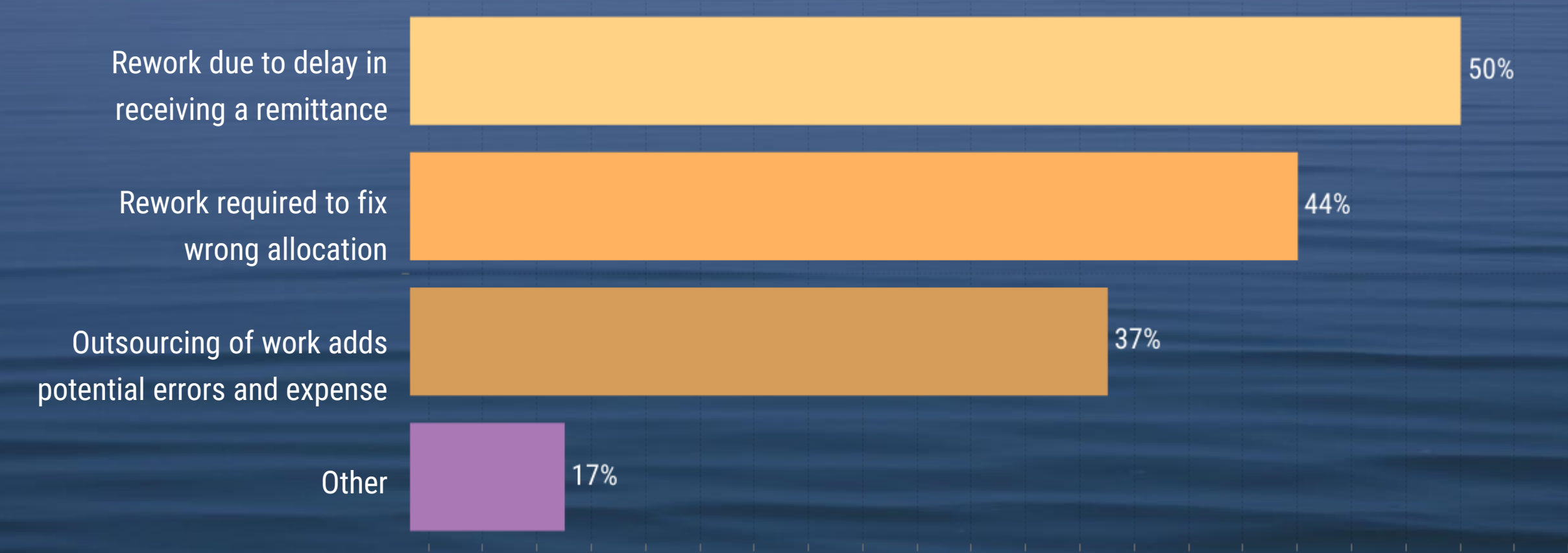
How long does allocating payments take?



It happens same day	38%
It takes 1 to 3 days	33%
It can take more than 3 days	16%
I don't know	13%

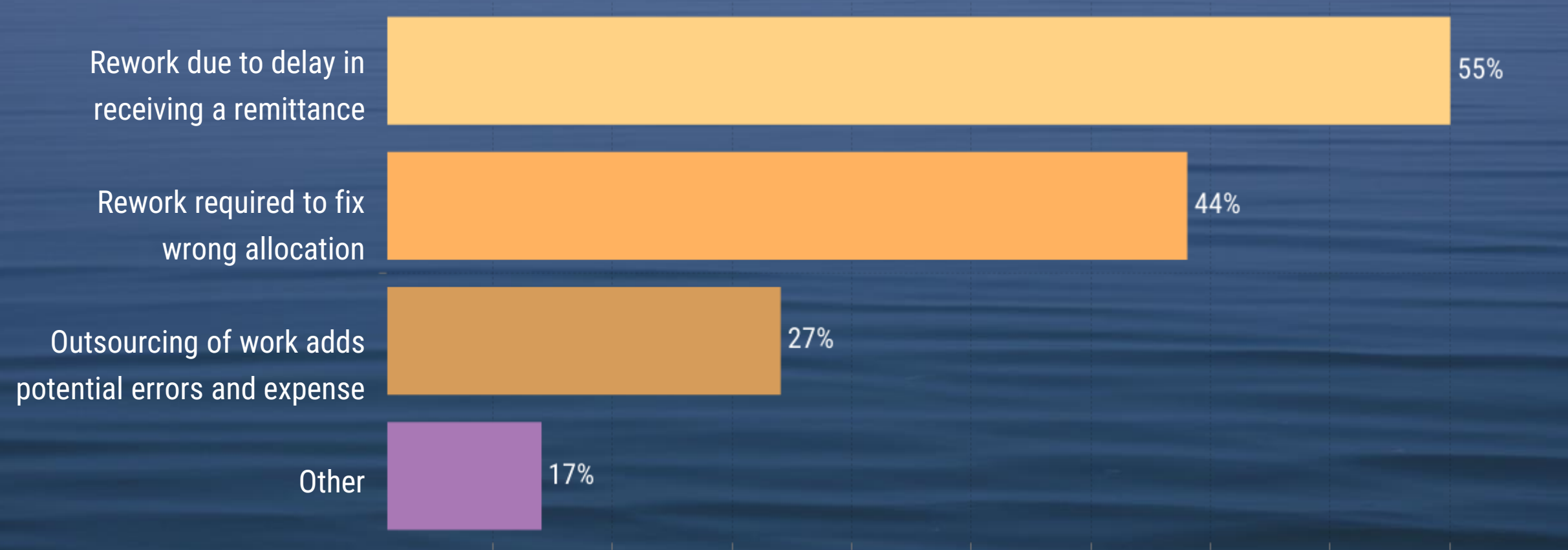
Though 38% can allocate payments within a day, nearly half of respondents say it will take anywhere from one day to more than three days. 13% admit they don't even know.

Do any of the following factors affect your process costs?



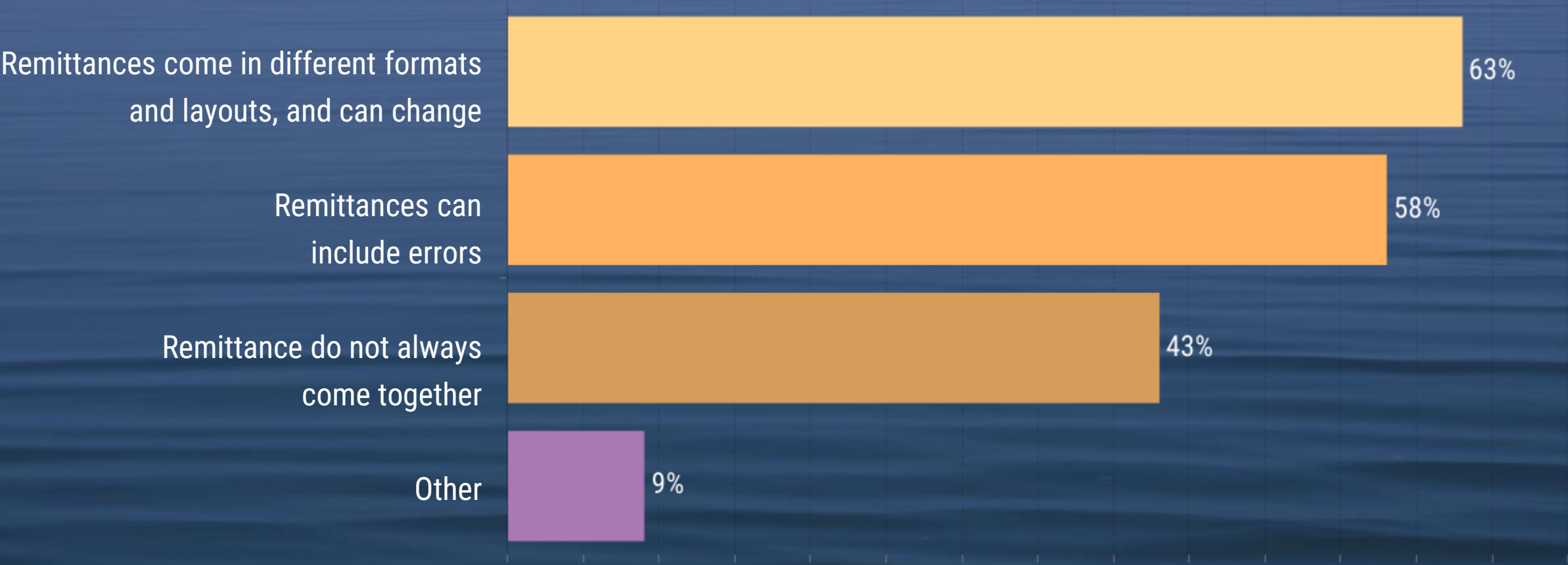
Most commonly reported factor impacting process costs: rework due to delay in receiving a remittance, claimed by half of all respondents. Nearly as many (44%) cite rework needed to fix wrong allocation.

Do unapplied cash accounts see any of these issues?



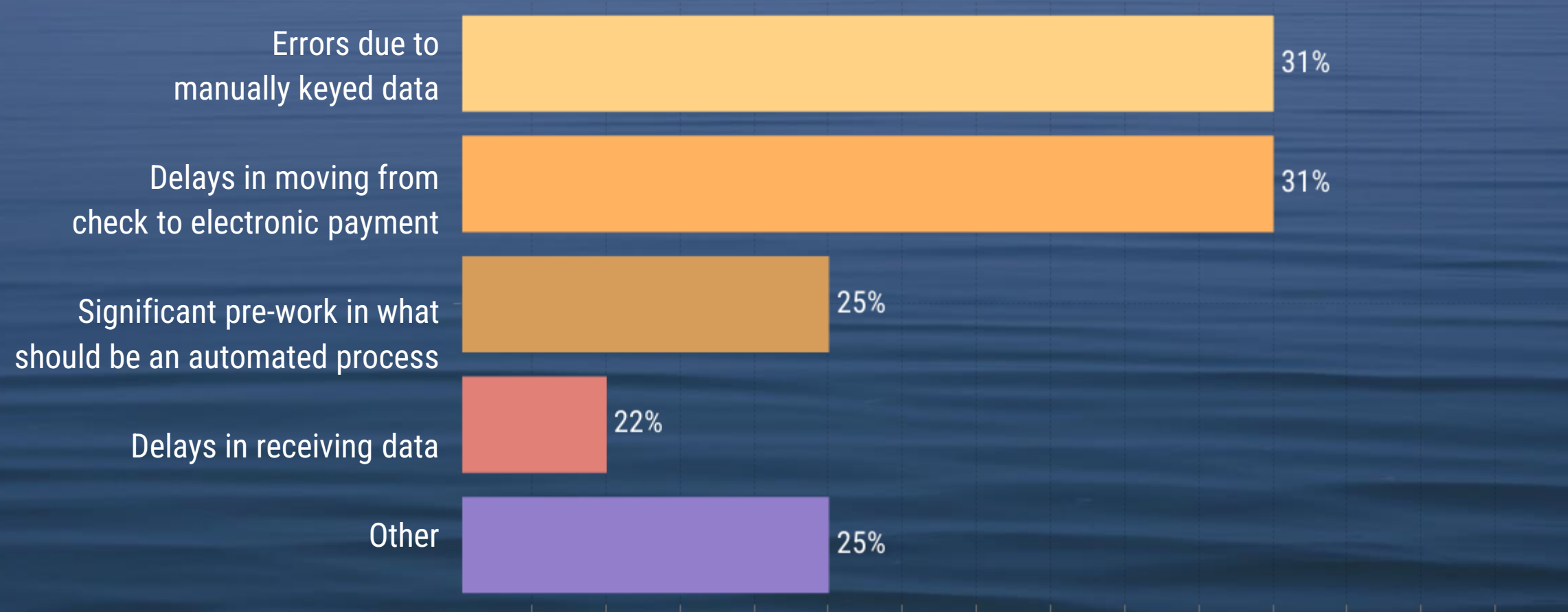
Even a greater percentage of survey responders than those who claimed impact on process costs (55% v. 50%) cite the impact rework (due to delay in receiving a remittance) has on unapplied cash accounts.

Does your remittance process experience any of the following complications?



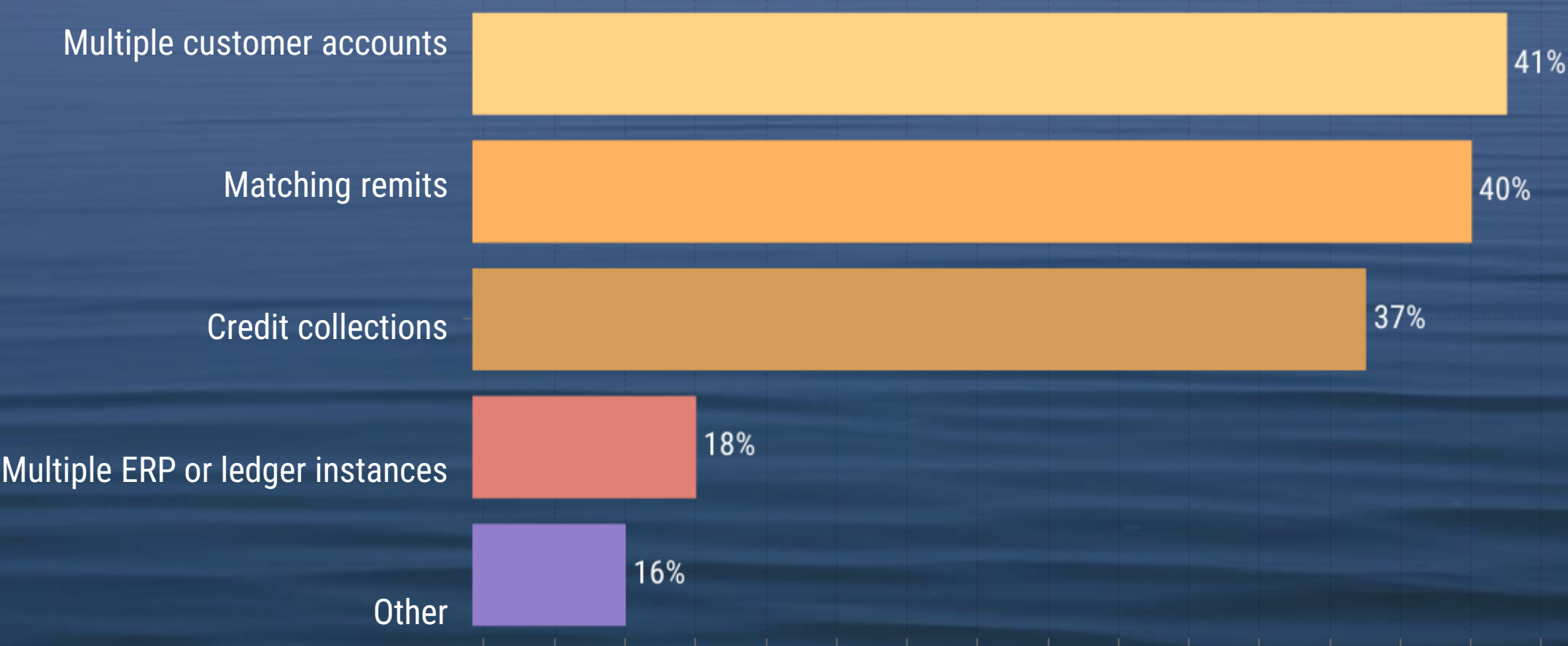
The two challenges most respondents say can affect the remittance process: varied forms/formats of remittance (63%) and remittance errors (58%).

Do you experience any of these challenges with your lockbox process?



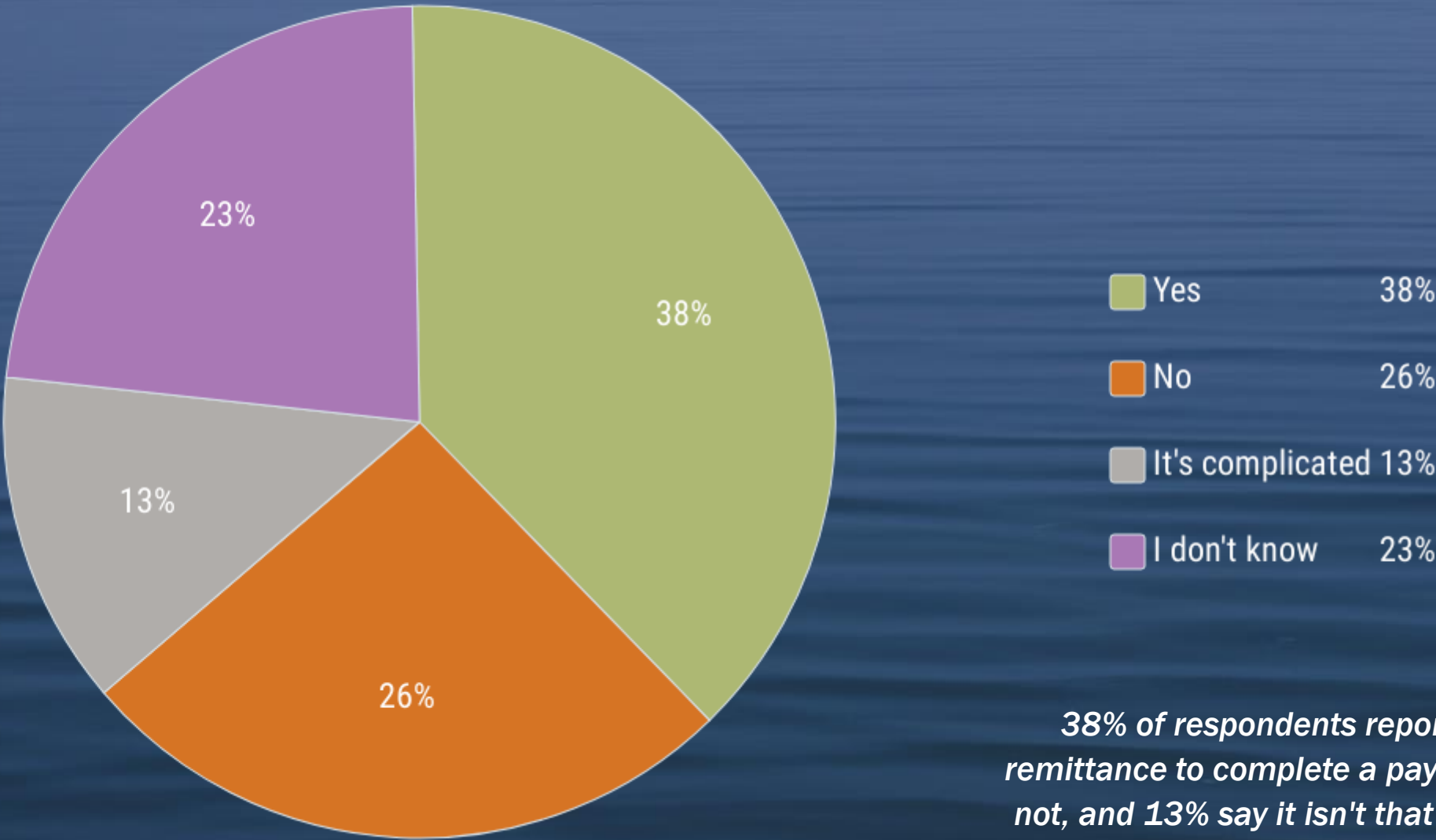
Those surveyed push two lockbox problems to the forefront: manually keyed data errors and check-to-electronic payment delays.

Do you have concerns when dealing with these aspects of the cash application process?



Nearly tied among those surveyed for the honor of primary concern in the cash application process: multiple customer accounts (41%), matching remits (40%), followed closely by credit collections (37%).

Do you need a customer remittance to complete the application of a payment?

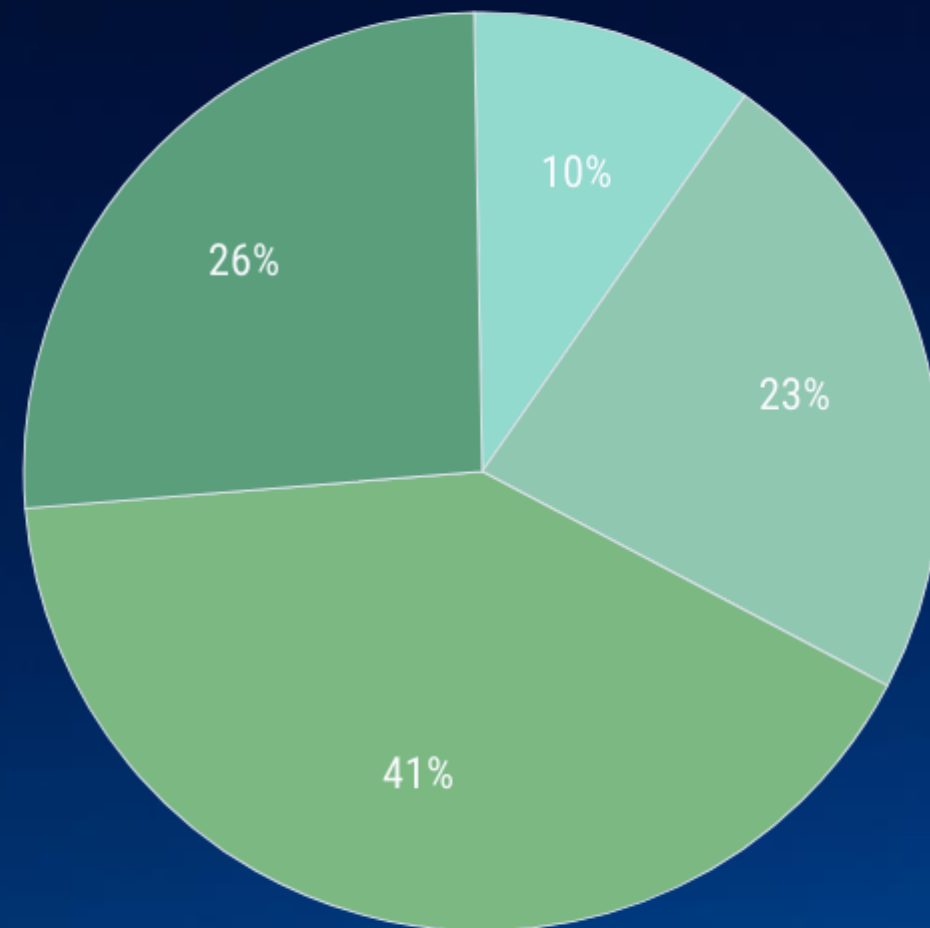


38% of respondents report they require a customer remittance to complete a payment application; 26% do not, and 13% say it isn't that simple. A significant 23% don't know.

REVENUE

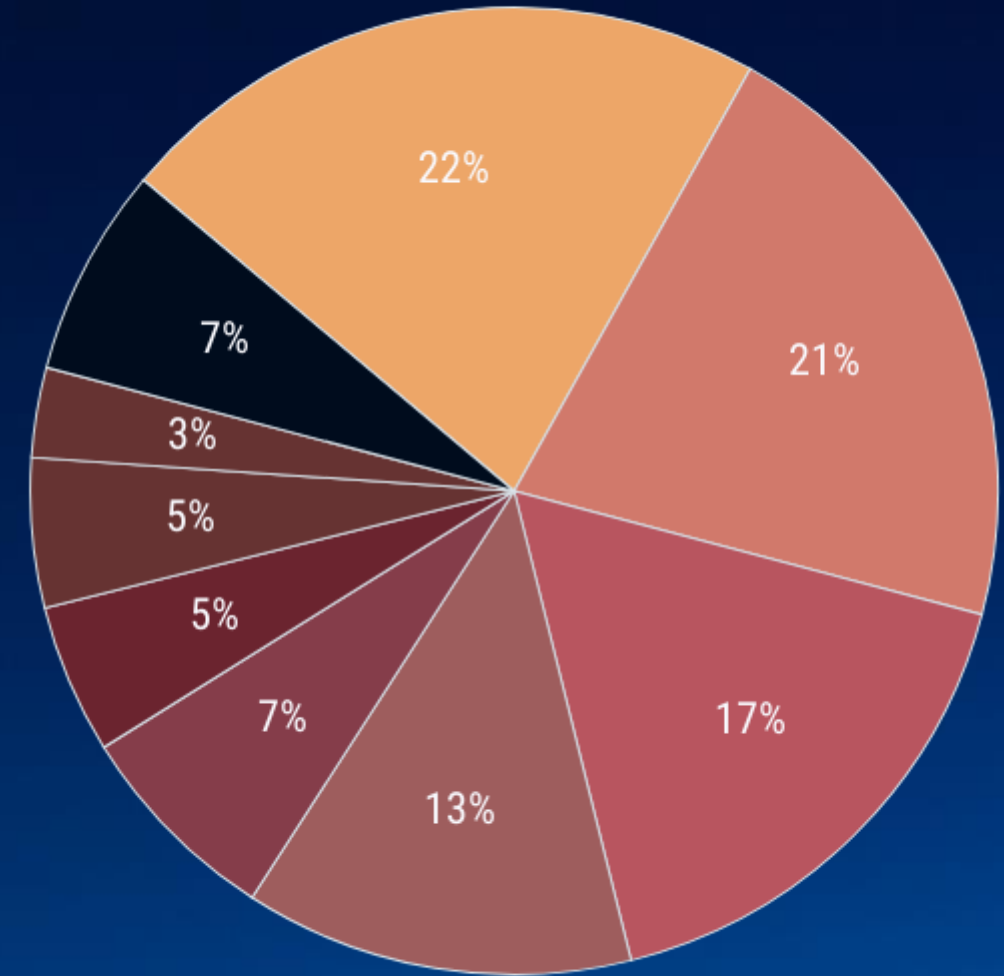
10% of those surveyed work in Fortune 1000 companies with revenues over \$1.5 billion. 61% are in companies with revenues between \$250 million and \$1.5 billion.

>\$1.5billion	10%
\$500 million - \$1.5 billion	23%
\$250 - 500 million	41%
<\$250 million	26%



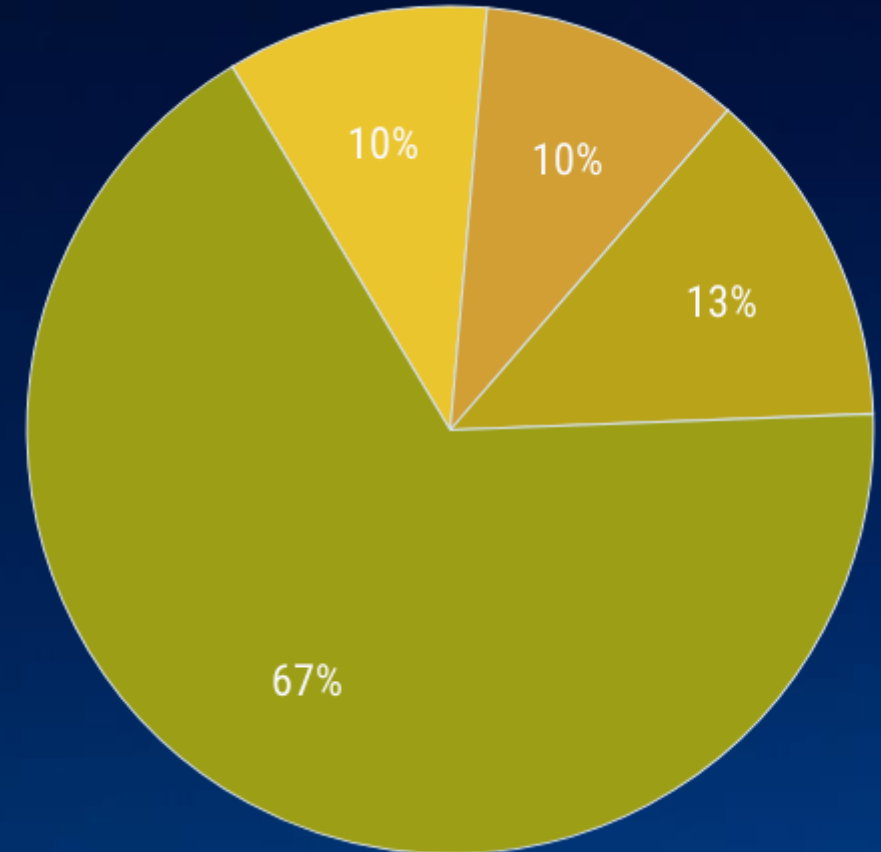
INDUSTRY SECTORS

Responders represent a wide variety of industries.



JOB LEVEL

33% of survey respondents hold director or executive level positions in their organization.





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